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(9) A statement on availability and location of all drill hole logs and representative drill cores retained by the operator/lessee pursuant to §3484.1(a) of this title.

(10) Any other information requested by the authorized officer.

(c) Any coal reserve base, minable reserve base or recoverable coal reserves estimates generated from an exploration license shall be submitted to the authorized officer within 1 year after completion of drilling operations.

(d) *Production reports and payments.* (1) Operators/lessees shall report on USGS Form 9-373A, within 30 days after expiration of the period covered by the report, all coal mined, the basis for computing Federal royalty and any other form requirements, and shall make all payments due. Acceptance of the report and payment shall not be construed as an accord and satisfaction on the operator/lessee's Federal royalty obligation.

(2) Licensees shall report all coal mined on a semiannual basis on the report form provided.

(3) Non-Federal LMU production shall be reported in accordance with §3487.1(h)(1) of this title.

(e) *Penalty.* If an operator/lessee knowingly records or reports less than the true weight or value of coal mined, the authorized officer shall impose a penalty equal to either double the amount of Federal royalty due on the shortage or the full value, as determined in §3485.2 of this title, of the shortage. If, after notice, an operator/lessee or licensee maintains false records or files false reports, the authorized officer may recommend to the responsible officer of the surface managing agency that action be initiated to cancel the Federal lease or license, in addition to the imposition of any penalties.

(f) *Confidentiality.* Confidentiality of any information required under this section shall be determined in accordance with §3487.1(h)(1) of this title.

§ 3485.2 Royalties.

(a) Provisions for the payment of advance royalty in lieu of continued operation are contained at §3483.4 of this title.

(b) An overriding royalty interest, production payment, or similar interest that exceeds 50 percent of royalty first payable to the United States under the Federal lease, or when added to any other overriding royalty interest exceeds that percentage, except those created in order to finance a mine, shall not be created by a Federal lease transfer or surface owner consent. However, when an interest in the Federal lease or operating agreement is transferred, the transferor may retain an overriding royalty in excess of the above limitation if he shows that he has made substantial investments for improvements directly related to exploration, development, and mining on the land covered by the transfer that would justify a higher payment.

(c)(1) The authorized officer may waive, suspend, or reduce the rental on a Federal lease, or reduce the Federal royalty, but not advance royalty, on a Federal lease or portion thereof. The authorized officer shall take such action for the purpose of encouraging the greatest ultimate recovery of Federal coal, and in the interest of conservation of Federal coal and other resources, whenever in his judgment it is necessary to promote development, or if he finds that the Federal lease cannot be successfully operated under its terms. In no case shall the authorized officer reduce to zero any royalty on a producing Federal lease.

(2) An application for any of the above benefits shall be filed in triplicate in the office of the authorized officer. The application shall contain the serial number of the Federal lease, the Bureau of Land Management State Office, the name and address of the record title holder and any operator/lessee, and the description of the lands in the manner provided by 43 CFR 3471.1.

(i) Each application shall include the name and location of the mine; a map showing the extent of the existing, proposed or adjoining mining operations; a tabulated statement of the Federal coal mined, if any, and subject to Federal royalty for the existing or adjoining operation covering a period of not less than 12 months before the date of filing of the application; and existing Federal rental and royalty rates on

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Federal leases covered by the application.

(ii) Each application shall contain a detailed statement of expenses and costs of operating the entire mine, the income from the sale of coal, and all facts indicating whether the mine can be successfully operated under the Federal rental and royalty provisions fixed in the Federal lease or why the reduction is necessary to promote development. Where the application is for a reduction in Federal royalty, full information shall be furnished as to whether royalties or payments out of production are paid to parties other than the United States, the amounts so paid, and efforts made to reduce them, if any. If the Federal lease included in the application is not part of nor adjoining an operating mine, these detailed financial data may be obtained from another operating mine which is in close proximity and for which the authorized officer has deemed to have similar operating characteristics.

(iii) The applicant shall also file a copy of agreements, between the operator/lessee and the holders of any royalty interests or production payments other than those created in order to finance a mine, to a reduction of all other royalties from the Federal lease so that the total royalties and production payments owed the holders of these interests will not be in excess of one-half of the Federal royalties, should the Federal royalty reduction be granted.

(3) If the applicant does not meet the criteria of the rules of this part, the authorized officer shall reject such application or request more data from the operator/lessee.

(4) If the applicant meets the criteria of the rules of this part, the authorized officer shall act on the application.

(d) If a Federal coal lease that provides for a cents-per-ton Federal royalty is developed by *in situ* technology, BLM will establish a procedure for estimating tonnage for royalty purposes.

[47 FR 33179, July 30, 1982. Redesignated at 48 FR 41589—41594, Sept. 16, 1983, and amended at 54 FR 1532, Jan. 13, 1989]

§ 3485.3 Maintenance of and access to records.

(a) Operators/lessees shall maintain current and accurate records for the Federal lease or LMU showing:

(1) The type, quality, and weight of all coal mined, sold, used on the premises, or otherwise disposed of, and all coal in storage (remaining in inventory).

(2) The prices received for all coal sold and to whom and when sold.

(b) [Reserved]

(c) Licensees must maintain a current record of all coal mined and/or removed.

(d) Operators/lessees will retain these records for a period of time as determined by the authorized officer in accordance with current BLM rules and procedures.

[47 FR 33179, July 30, 1982, as amended at 48 FR 35641, Aug. 5, 1983. Redesignated at 48 FR 41589, Sept. 16, 1983]

Subpart 3486—Inspection, Enforcement, and Appeals

§ 3486.1 Inspections.

(a) The operator/lessee shall provide access, at all reasonable times, to the authorized officer for inspection or investigation of operations in order to determine whether the operations are in compliance with all applicable laws, rules, and orders; the terms and conditions of the Federal lease or license; and requirements of any approved exploration plan for:

(1) Abandonment.

(2) Environmental protection and reclamation practices.

(b) The operator/lessee shall provide access, at all reasonable times, to the authorized officer for inspection or investigation of operations in order to determine whether the operations are in compliance with all applicable laws, rules, and orders; the terms and conditions of the Federal lease or license; and requirements of any approved resource recovery and protection plan for:

(1) Production practices.

(2) Development.

(3) Resource recovery and protection.

(4) Diligent development and continued operation.